

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 066710

70

ORIGIN NEA-02

INFO OCT-01 EUR-02 ISO-00 /005 R

66604

DRAFTED BY NEA/INS:DWBORN:HME

APPROVED BY NEA/INS:LBLAINGEN

EUR/SOV:JWILKINSON

EUR/EE:JBAKER

----- 066413

R 031404Z APR 74

FM SECSTATE WASHDC

INFO RUESRB/AMEMBASSY BELGRADE 3189

AMEMBASSY BUDAPEST

AMEMBASSY PRAGUE

AMEMBASSY MOSCOW

AMEMBASSY SOFIA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE STATE 066710

FOLLOWING SENT SECSTATE WASHDC FROM NEW DELHI 28 MAR 74:

QUOTE LIMITED OFFICIAL USE NEW DELHI 4244

E.O. 11652: N/A

TAGS: PFOR, EAID, EX, IN

SUBJ: LET'S TALK TO THE EAST ABOUT AID TO INDIA

SUMMARY: THE HEAT WILL BE ON IN THE CONSORTIUM THIS YEAR FOR MORE AID AND DEBT RESCHEDULING. THE EAST EUROPEANS STILL AREN'T DOING THEIR SHARE. I PROPOSE THAT THIS YEAR THE CONSORTIUM INVITE THE EAST EUROPEANS TO TALK THINGS OVER DIRECTLY. THEY ARE UNLIKELY TO ACCEPT. BUT EVEN IF THEY DON'T, WE MIGHT GAIN SOME TACTICAL ADVANTAGES. END SUMMARY.

1. THE CONSORTIUM IS ABOUT TO COMMENCE ITS ANNUAL ROUND OF DISCUSSION, JUDGMENT AND PRESCRIPTION ON THE SUBJECT OF WESTERN AID TO INDIA. IN AN ATMOSPHERE OF DEEPENING CONCERN ABOUT THE

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 066710

PROSPECTS OF INDIAN ECONOMY FOR 1974, THE HEAT WILL BE ON TO

STEP UP AID COMMITMENTS AND THERE WILL MOST PROBABLY BE A CALL FOR HEFTY BOOSTS IN THE LEVEL OF DEBT RESCHEDULING.

2. FOR THE THIRD YEAR RUNNING, THE QUESTION OF AID FLOWS FROM EASTERN EUROPE WILL BE ON THE AGENDA, AND THIS TIME AROUND EVEN THE BANK REPORT ADMITS THAT THERE MIGHT BE SOMETHING WRONG WITH THE DIRECTION OF RESOURCE FLOWS BETWEEN EASTERN EUROPE AND INDIA. WE WILL BE ASKING INDIA TO SHOW WHY NEGATIVE OR NEGLIGIBLE AID FLOWS FROM EASTERN EUROPE, AND PARTICULARLY THE USSR, AT A TIME WHEN THE CONSORTIUM IS BEING ASKED TO GIVE EVEN MORE, IS NOT IN FACT INEQUITABLE TO CONSORTIUM DONORS.

3. THE INDIAN OBJECTIVE WILL BE TO GET DEBT RESCHEDULING FROM THE CONSORCIO FOR THE LOWEST COST IN TERMS OF COMMITMENTS TO MAKE CHANGES IN THEIR RELATIONSHIP WITH THE EAST EUROPEANS, AND WHEN IT COMES TIME TO TAKE THE CONSORCIO'S REQUEST TO THE SOVIETS, THEIR HEARTS WON'T BE IN IT.

4. WHY NOT TRY SOMETHING NEW THIS YEAR? I PROPOSE THAT WE AND OUR CONSORCIO COLLEAGUES, INSTEAD OF PUTTING ALL OUR CHIPS ON A STERILE DEBATE WITH THE INDIANS ON THE FACTS AND IMPLICATIONS OF SOVIET AND BLOC AID PERFORMANCE, SEEK TO OPEN A DIALOGUE WITH THE BLOC DONORS THEMSELVES, I.E., TO INVITE THE EAST EUROPEANS TO DISCUSS THE ISSUES DIRECTLY WITH WESTERN DONORS.

5. I THINK IT HIGHLY UNLIKELY THE SOVIETS OR THEIR FRIENDS WOULD RESPOND ENTHUSIASTICALLY. MOST OF WHAT THE SOVIETS ARE GIVING INDIA IS MILITARY EQUIPMENT AND THEY ARE NOT PREPARED TO DISCUSS THE BALANCE SHEETS ON THIS. WE RECOGNIZE ALSO THAT THE SOVIETS ARE LIKELY TO BE RELUCTANT TO LEND CREDENCE TO THE IDEA THAT THEIR AID AND WESTERN AID ARE IN ANY WAY COMPARABLE.

6. AS FOR THE INDIANS, THEY WOULD BE WARY OF A PROPOSAL THAT EAST AND WEST TALK DIRECTLY ABOUT AID TO INDIA. SOME WOULD QUESTION OUR MOTIVES. THE INDIANS WOULD SEE LITTLE TO BE GAINED FROM A REALLY FACTUAL PUBLIC DISCUSSION OF THEIR AID RELATIONSHIP WITH THE BLOC. ON SHORT REFLECTION (AND QUICK CONSULTATIONS WITH THE SOVIETS), THEY WOULD CONCLUDE THAT THE SOVIETS WILL NOT RESPOND SERIOUSLY TO THE WESTERN CALL--AND THEY MIGHT TRY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 066710

TO USE WESTERN INTEREST IN DIRECT EAST-WEST TALKS TO GET OUT FROM UNDER WESTERN PRESSURE TO LEVER THE SOVIETS.

7. AGAINST THIS BACKGROUND, WHAT WOULD BE IN IT FOR WESTERN DONORS IF THE CONSORCIO CALLED AT ITS MEETING IN PARIS FOR A DIALOGUE WITH INDIA'S EASTERN DONORS? IN THE SHORT RUN, PERHAPS ONLY THE TACTICAL ADVANTAGE OF FOCUSING ATTENTION ON THE FACT THAT THE EAST ISN'T DOING ITS PART. SOME MILD PRESSURE

ON THE INDO-SOVIET AID RELATIONSHIP. SOME ADDED CREDIBILITY TO THE LEGITIMACY OF OUR INTEREST IN THE AID FLOW FROM THE EAST. AND A MARK FOR THE PUBLIC RECORD THAT IN VIEW OF INDIA'S GRIM PROSPECTS AND THE SPIRIT OF DETENTE, THE WEST, AT LEAST, IS ANXIOUS TO MOVE BEYOND OUTWORN CONCEPTS OF COMPETITIVE EAST-WEST AID.

8. BUT I AM NOT SUGGESTING THIS INITIATIVE ONLY FOR ITS SHORT TERM TACTICAL POINTS. EVEN THOUGH THE SOVIETS ARE LIKELY TO BE NONCOMMITAL AT BEST, I THINK WE SHOULD BEGIN TO PESTER THEM DIRECTLY--IN THE MOST COOPERATIVE SPIRIT--WITH THE PROPOSAL THAT WE TALK ABOUT AID TO INDIA. IN THE LONGER TERM, WE MAY BE ABLE TO BRING THEM TO RECOGNIZE A COMMONALITY OF PURPOSE WITH THE WEST IN THIS AREA. MOYNIHAN UNQUOTE RUSH

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSORTIUMS, DEBT REPAYMENTS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 03 APR 1974
Decapton Date: 01 JAN 1960
Decapton Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE066710
Document Source: CORE
Document Unique ID: 00
Drafter: DWBORN:HME
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740075-0202
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740470/aaaacmly.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 17 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 APR 2002 by kelleyw0>; APPROVED <12 JUN 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: LET'S TALK TO THE EAST ABOUT AID TO INDIA SUMMARY: THE HEAT WILL BE ON IN THE CONSORTIUM THIS YEAR FOR
TAGS: PFOR, EAID, XH, IN, UR
To: BELGRADE BUDAPEST PRAGUE MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005